

His idea is that we need to keep the message simple: keep the system going that we've had for 15 years, or there will be cuts that could result in lost jobs, lost revenues, etc.

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SENATE-PASSED PLAN BEST FOR MEDICAID, GOVERNOR SAYS House Plan A Big Tax Cut for Hospitals Paid For By Taxpayers

JACKSON, Mississippi – Governor Haley Barbour reiterated today that a plan passed overwhelmingly by the state Senate is the best long-term funding solution for the Mississippi Medicaid program, and one passed by the House simply gives hospitals a huge tax cut at the expense of Mississippi taxpayers.

In a statement Governor Barbour said SB 2013, which was developed by the Mississippi Association, fills the immediate \$90 million funding gap, provides stable funding and reasonable expectations for the next five years, and maintains the fiscal integrity of the Medicaid program in a way that is fair to hospitals and other providers, beneficiaries and taxpayers.

It is similar to a hospital reimbursement method that had been in place for years, but was deemed illegal by the federal government in 2005. Governor Barbour has warned that failure to adopt the new program will lead to significant cuts in Medicaid that could lead to lost jobs and lost revenues.

Under the plan, three taxes hospitals either pay now or have paid for nearly 15 years would be replaced by a single per-patient-day tax; the estimated \$200 million paid by hospitals in the new plan would result in about \$1.2 billion in reimbursements to the hospitals, with the highest reimbursement going to hospitals that treat the most Medicaid-eligible patients.

“This plan affects not only hospitals, Medicaid and other providers but also the state’s taxpayers,” Governor Barbour said. “Over the next three weeks before the Legislature comes back into Special Session I expect Medicaid funding to get a full and fair hearing across the state, including the big tax increases proposed by the House.

“It is hard to understand why the House leadership insists on spending taxpayer money on something the hospitals have paid for 15 years. The House leadership wants to give the hospitals a \$90 million tax cut and put in on the backs of Mississippians,” Governor Barbour said.

SB 2013 provides a much better way to deal with the problem, the Governor said. If it does not pass when the Legislature returns on June 26, the Governor will be forced to make a legal finding that Mississippi Medicaid is in a deficit financial situation, which, in turn, will force him to make deep and significant cuts in order to make-up the current \$90 million shortfall.

Due to the match formula, reductions will have to total about \$375 million, which amounts to about one-third of the \$1.2 billion hospitals would receive under the proposed new plan in Fiscal Year 2009. Cuts would be effective by the beginning of the new fiscal year on July 1.

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